

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 1
Education

MAJOR ACTION
REPORT

May 30, 2007

Senate Bill 54
2007-08 Budget Bill

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SUBCOMMITTEE No. 1

EDUCATION

Org Code

K-12

6110	California Department of Education.....	1-1
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Higher Education

6120	California State Library	1-5
6440	University of California	1-5
6610	California State University	1-6
6870	California Community Colleges	1-6
7980	California Student Aid Commission.....	1-7

K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated **\$57.6 billion** in Proposition 98 funding for K-12 education and community colleges in 2007-08, which provides **\$2.2 billion** (3.9 percent) in ongoing funds above the 2006-07 budget. This amount reflects an increase of **\$104 million** in Proposition 98 funding above the Governor's January Budget.
- Provided **\$55.4 billion** for K-12 education and community colleges in 2006-07, which provides a total of **\$411 million** in Proposition 98 settle-up funds to reflect revised estimates of the minimum funding guarantee. This provides an additional **\$372 million** in settle-up funds above the Governor's January Budget.
- Rejected the Governor's proposals to shift funding for Home-to-School Transportation to the Public Transportation Account and restored Proposition 98 funding for Home-to School Transportation, thereby eliminating any rebenching of the Proposition 98 minimum guarantee in 2007-08.
- Disapproved budget control language proposed by the Governor that would allow the Public Transportation Account to offset the General Fund for purposes of funding Home-to-School Transportation in 2006-07 and 2007-08.
- Appropriated **\$488 million** in one-time Proposition 98 funds for K-12 education in 2007-08. These funds result from **\$284 million** in Proposition 98 settle-up payments in 2006-07 and **\$204 million** in programs savings from the Proposition 98 Reversion Account. These funds are provided for the following K-12 expenditures in 2007-08:
 - **\$128.2 million** for the Emergency Repair Program in schools in the lowest three deciles of the Academic Performance Index;
 - **\$114.0 million** for prior year education mandate claims;
 - **\$65.0 million** for incentive grants to school districts over a three-year period for development of quality data needed for the California Longitudinal Pupil Achievement Data System (CALPADS) in 2009-10;
 - **\$50.0 million** for anticipated increases in the costs of funding declining enrollment in 2007-08;
 - **\$30.0 million** in one-time grants for alternative schools and schools serving incarcerated youth to provide one-time funds for instructional materials, teacher quality improvements, and emergency facility repairs.
 - **\$25.7 million** for Child Care Stage 2 programs;

- **\$18.0 million** for Charter Schools Facility Grants to offset rental/lease costs for charter schools serving economically disadvantaged students;
- **\$12.0 million** for supplemental instructional materials for English learners;
- **\$12.0 million** to enhance the Alternative Certification (Intern) program to prepare retirees from business and industry for the teaching profession, with an emphasis on the subjects of math, science and career technical education.
- **\$8.8 million** to provide full funding for the Beginning Teacher Support and Assessment (BTSA) program;
- **\$7.5 million** for a project to prepare additional math and science teachers to address a statewide shortage;
- **\$4.1 million** to address deficiencies in the Community Day School program;
- **\$3.0 million** for Personnel Management Assistance Teams;
- **\$2.5 million** in enhancements for the Principal Training program for provision of principal coaching;
- **\$2.5 million** to continue the Budget Officer Training program;
- **\$2.1 million** for the California School Information Services (CSIS) to provide support and equipment needed to maintain student identifiers in preparation of CALPADS;
- **\$2.0 million** to provide resources for Alternative Compensation Planning for school districts; and
- **\$385,000** for Fiscal Crisis Management Team (FCMAT) to prepare required annual status reports for schools districts with state emergency loans.
- Provided **\$2.1 billion** in total cost-of-living adjustments (COLAs) for K-12 education programs, which provides a **4.53 percent** COLA increase in 2007-08. This amount reflects an increase of \$221.6 million from the Governor's January Budget, which estimated a COLA of 4.04 percent.
- Decreased funding for K-12 enrollment growth from 2006-07 levels by **\$370.0 million** in 2007-08. The Governor's May Revision estimates negative attendance growth of **-0.48 percent**. This amount reflects an additional decrease of \$293.3 million compared to the Governor's January budget, which estimated a negative growth rate of -0.39 percent. The May Revision reduces revenue limits and most categorical programs by -0.48 percent, provides zero growth for selected categorical programs and positive growth for programs with other special statutory rates.
- Redirected **\$364.1 million** in funds the Governor proposed for new ongoing programs in 2007-08 to cover a budget shortfall in the Governor's May Revision budget for revenue limit equalization.
- Reduces ongoing funding for the High Priority Schools program by **\$100 million** to align appropriations with expenditures in 2007-08 and reappropriates **\$102.6 million** in 2006-07

savings for the program in 2007-08. These actions create **\$202.6 million** in ongoing savings that are used to address the shortfall of ongoing funds in 2007-08.

- Approved the following increases for Child Care and Development programs in 2007-08: **\$269 million** for CalWORKS Stage 2 child care; **\$7.7 million** for CalWORKS Stage 2 and 3 adjustments; and **\$6.8 million** for the State Median Income Adjustment.
- Increased state funding for school meals by **\$24.9 million** -- to provide 21 cents per free- and reduced-priced meal -- in order to improve the quality of school breakfasts and lunches.
- Appropriates **\$15.1 million** for the Community Based English Tutoring program. This item was used as the ongoing funds balancer.
- Increased the Early Mental Health Initiative program by **\$5 million** to restore funding to a total of \$15 million. This program is administered by the Department of Mental Health.
- Eliminates **\$2.1 million** in funding for the 2nd Grade STAR test which, according to current law, sunsets in 2007-08.
- Approved **\$34.9 million** in federal Reading First carryover funds for up to 90 percent of new schools in participating school districts. New schools would be required to serve K-12 special education teachers, as well as K-3 teachers as authorized in current law.
- Approved an increase of **\$27.1 million** in federal Title I School Improvement Set-Aside carryover funds for school and district improvement for development of an expenditure plan by the LAO in consultation with the Departments of Education and Finance. This amount includes **\$4.0 million** for improving the accountability of alternative schools, including court schools.
- Provided **\$1.1 million** in federal special education carryover funds and **\$1.2 million** in federal funds for English learners to the Department of Education to provide monitoring and technical assistance for youth in alternative schools, county court schools, and Division of Juvenile Justice schools.
- Approved an additional **\$1.1 million** in federal Title II Teacher Quality funds for the Compliance, Monitoring, Interventions and Sanctions system. These funds will provide **8.0 positions** and other expenses to work toward compliance with the Highly Qualified Teacher provisions of the federal No Child Left Behind Act.
- Approved **\$113,000** and **1.0 position** within CDE to coordinate education services for incarcerated youth in California. The department will be required to prepare an annual report on youth served in correctional settings.
- Restored **\$1.5 million** and **9.2 positions** for the State Board of Education and establishes funding within a separate budget item within CDE.
- Appropriated **\$450,000** in federal Special Education carryover funds as a COLA adjustment for the special education due process program.

- Approved **\$100,000** in federal special education carryover funds for an independent evaluation of the due process contract to assess program access and outcomes and guide annual budget increases.
- Provided **\$150,000** in federal Title I School Improvement Set-Aside funds for a study to identify options for improving socio-economic indicators for students in order to improve school funding allocations for economically disadvantaged students.
- Adopted **budget bill language** to require the Department of Education to report the timeliness, activity levels, and outcomes of civil rights complaints filed with the department through the uniform complaints procedure.
- Adopted **budget control language** that establishes standards and reporting requirements for both K-12 education and the public higher education segments for the High Speed Internet Network. This language implements recommendations from a report by the Bureau of State Audits last year.
- Continued deferral of annual mandate payments for K-12 education in 2007-08, estimated to cost **\$160 million** annually.
- Continued to defer payments of approximately **\$1.1 billion** in Proposition 98 apportionment programs from one fiscal year to the next. This practice commenced with the 2002-03 budget as a method of meeting the state's budget shortfall without reducing school programs and services.

Child Development

- Fully funded Stage 2 and Stage 3 CalWORKs Child Care using predominately Proposition 98 funds.
- Provided \$6.8 million to "unfreeze" the State Median Income (SMI) levels and allow families to earn slightly more and still retain their subsidized child care services.
- Utilized savings from the current-year Preschool program expansion to fund Stage 2 and Stage 3 CalWORKs Child Care.
- Approved the continuation of \$50 million for current-year preschool expansion (pursuant to Chapter 211, Statutes of 2006). Of this amount, \$5 million was approved for the use of wrap-around care by all state preschool participants.
- Denied Governor's proposal to further expand preschool in 2007-08.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

- Augmented by \$2 million the amount available for the Public Library Foundation.
- Provided an additional \$52,000 for the Library System Replacement Project, thus denying the Administration's proposal to redirect those funds from the Public Library Foundation.

6440 UNIVERSITY OF CALIFORNIA

- Approved the Governor's Compact with the University of California (UC) by providing a general support funding increase of four percent (\$116.7 million); increasing funding for enrollment growth equivalent to 2.5 percent; and approving a student fee increase of seven percent (whereby one-third of the revenue will be returned to financial aid programs for students).
- Approved support for the UC Merced campus, as budgeted, at \$24 million.
- Restored funding for UC's Student Academic Preparation and Outreach programs by providing an additional \$19.3 million. State funds will be matched with \$12 million of university funds. The Governor's January proposal called for state funding to be eliminated from these programs.
- Augmented by \$500,000 the amount of funding available for the California State Summer School for Math and Science (COSMOS).
- Restored funding for Labor research and education programs by providing \$6 million, augmented the amount of funding available for statewide agriculture research by \$1.5 million, and provided an additional \$1.5 million for oceanographic research at UC's Scripps Research Institute.
- Deleted the \$15 million augmentation proposed by the Governor for the Institutes for Science and Innovation.
- Deleted the \$5 million augmentation for the University's Petascale Supercomputing Facility proposal.
- Denied the Governor's proposal to provide \$70 million in Lease Revenue Bonds to construct a new Energy Biosciences Institute at UC Berkeley (in conjunction with the receipt of a grant from the BP – formerly British Petroleum – corporation), and instead approved \$5 million for working drawings associated with the facility. Adopted Budget Bill Language specifying that the funds not be allocated until the Legislature has reviewed the signed contract between the UC and BP and explicitly authorized the release of the funds.

- Appropriated \$130.6 million for Telemedicine-related projects, this amount represents the portion of the \$200 million set aside in Proposition 1D that the five University campuses with medical centers are able to expend in 2007-08.
- Other than the above-noted exceptions, approved all state-funded Capital Outlay projects, as budgeted.
- Adopted Supplemental Reporting Language requiring the UC to submit copies of campus Long Range Development Plans (LRDPs) and accompanying Environmental Impact Reports (EIRs) to the Legislature; report on current and future off-campus mitigation measures associated with campus growth; and report on the use of summer session.
- Adopted specific Supplemental Reporting Language related to growth on the UC Santa Cruz campus and the Legislature's intent that meaningful mitigation of off-campus impacts be achieved.

6610 CALIFORNIA STATE UNIVERSITY

- Approved the Governor's Compact with the California State University (CSU) by providing a general support funding increase of four percent (\$108.7 million); increased funding for enrollment growth equivalent to 2.5 percent; and approving a student fee increase of ten percent (whereby one-third of the revenue will be returned to financial aid programs for students).
- Restored funding for CSU's student academic preparation programs by providing an additional \$7 million. These funds are matched with \$45 million from the CSU's budget and provide early assessment services to students in K-12 schools.
- Approved a \$3.6 million augmentation for CSU to enroll an additional 340 full-time equivalent students in baccalaureate degree programs in nursing.
- Adopted Supplemental Reporting Language requiring the CSU to submit copies of campus Master Plans and accompanying Environmental Impact Reports (EIRs) to the Legislature; report on current and future off-campus mitigation measures associated with campus growth; and report on the use of summer session.
- Approved all state-funded Capital Outlay projects, as budgeted.

6870 CALIFORNIA COMMUNITY COLLEGES

- Fully-funded a 4.53 percent Cost-of-Living Adjustment for Apportionments and select categorical programs.
- Restored \$33.1 million to the Basic Skills program. The Administration had proposed that these funds be shifted to the Matriculation categorical program as part of the Governor's January Budget proposal.

- Adopted Governor's proposal to reduce community colleges' budget by \$80 million in the current and budget years (thus, rebenching apportionments on a permanent basis) to account for unused enrollment growth funding.
- Shifted Governor's proposed \$10 million augmentation for the Matriculation categorical program to enrollment growth in order to mitigate the effect of the above-noted rebenching.
- Provided \$220,000 to that community college districts have access to FCMAT resources.
- Augmented by \$1.9 million (in ongoing funds) to provide textbook grants through the Extended Opportunity Programs and Services (EOPS).
- Approved all state-funded Capital Outlay projects, as budgeted.
- Appropriated \$212.7 million in one-time funds (from both the Proposition 98 Reversion Account and prior-year Proposition 98 "Settle-Up" funds) to the community colleges for a variety of high-priority uses including:
- Scheduled maintenance and special repairs, replacement of instructional equipment and library materials, hazardous substances abatement programs, and architectural barrier removal projects (\$45.6 million);
- Technology (\$2 million);
- Nursing program start up costs and simulators (\$9 million);
- CalPASS Program (\$1 million);
- Career Technical Program Equipment (\$20 million);
- Nursing and Allied Health Program Equipment (\$30 million);
- Part-Time Faculty Office Hours and Health Insurance (\$10 million);
- Accreditation Assistance for small and "at risk" colleges (\$2 million);
- Coordinated Outreach Services to Parolees (\$10 million);
- Coordination of Nursing and Allied Health Training for 24-hour State Facilities (\$15 million);
- Mandates (\$35 million).

7980 CALIFORNIA STUDENT AID COMMISSION

- Fully funded the Cal Grant Program and the Assumption Program of Loans for Education.
- Authorized 100 new loan assumption warrants for the SNAPLE (State Nursing) loan assumption program and 100 new loan assumption warrants for the SNAPLE-SF (Nurses in State Facilities) loan assumption program.
- Provided one new position; \$100,000 General Fund; and authority for 100 new loan assumption warrants to implement the Public Attorney Loan Repayment Program.

- Assumed \$1 Billion in revenues to the State General Fund associated with the sale of EdFUND.
- Shifted funding for the ongoing operations of both the Student Aid Commission and the California Student Opportunity and Access Program (Cal-SOAP) from the Student Loan Operating Fund (which is generated by EdFUND) to the General Fund, in order to backfill the loss of EdFUND ongoing revenues – consistent with the pending sale of EdFUND.